

CITY *of* BOSTON

DISTRESSED PROPERTIES REPORT, 2020

DISTRESSED PROPERTIES: SUMMARY

The Department of Neighborhood Development (DND) began surveying Boston's distressed buildings in 1997. Since that time, there has been a dramatic decrease in the number of distressed properties.¹ However, starting in 2016, the City adopted a new methodology, rendering current results incomparable to pre-2016 results. The current methodology and the additional data sources of potentially distressed properties are discussed in the methodology section.

A distressed property is any building (excluding sheds and garages on residential property) that is not occupied and has signs of significant physical distress (i.e., boarded, burned, open to the elements, or otherwise deteriorated). These buildings are generally vacant; however, they may be inhabited by people living or squatting in sub-par conditions. Other physical symptoms of distress include overgrown or neglected vegetation, accumulation of newspapers, circulars, flyers, or mail, litter and trash, the absence of window coverings, building/structural issues, and vandalism. Indicators of vacancies include uncorrected city violations, utility shut-offs, and postal vacancy data. Some buildings may be partially distressed and vacant.

While a number of restaurants and storefronts remain closed because of the COVID-19 pandemic, unless these properties meet specific standards of disrepair, they would not be considered distressed. Despite the pandemic, the number of distressed properties declined from 2019 to 2020, continuing a two-decade decline. Stimulus packages, foreclosure moratoriums, and Boston's robust real estate market may be mitigating the pandemic's economic impact. DND will remain watchful to see if the pandemic does translate into additional distressed properties.

Key survey findings include:

- Three hundred twenty-eight properties were identified as distressed in 2020, of which 169 (52%) are residential parcels (1-3 unit buildings).
- There were 56 fewer residential properties identified as distressed in 2020, a 25 percent decline from the previous year.
- Most distressed properties are located in three neighborhoods, with 31 percent in Dorchester, 17 percent in Roxbury, and seven percent in East Boston.
- Citywide, there were 1.86 distressed properties per 1,000 parcels.
- Nine and a half percent of distressed parcels (31 out of 328) have overdue taxes associated with them, owing a total of \$167,993, an average of just over \$5,400 per delinquent property.

¹ From 1997 to 2015, the number of distressed buildings decreased by 80% from 1,044 to 210.

DISTRESSED PROPERTIES: RESULTS

In 2020, 725 properties were surveyed, resulting in 328 parcels identified as partially or fully distressed (Table 1/Maps 1 and 2). There were 69 fewer properties identified as distressed compared with last year's survey. This reduction was primarily composed of 56 fewer distressed residential properties. There were also seven fewer apartment buildings, one less commercial property, and two fewer tax-exempt properties (**Table 1**).

The current inventory consists of 169 (52%) residential parcels (1-3 units), 79 (24%) commercial parcels, and 80 parcels (24%) that were other property-types (apartment (4+ units), tax-exempt, industrial, and mixed-use) (**Tables 1 and 2**). Tax-exempt properties are those that receive an exemption from local property taxes. Aside from local, state, and federal government agencies, the types of organizations that may qualify include: religious, charitable, benevolent, educational, literary, temperance, or scientific organizations.

TABLE 1: 2019 vs. 2020 DISTRESSES PROPERTY SURVEY RESULTS

	APARTMENTS	COMMERCIAL	INDUSTRIAL	MIXED- USE	RESIDENTIAL	TAX EXEMPT	TOTAL
FY 2019	15	80	11	29	225	37	397
FY 2020	8	79	11	26	169	35	328
DIFFERENCE	-7	-1	0	-3	-56	-2	-69

DISTRESSED PROPERTIES: RESULTS

Table 2 (and **Chart 1**) shows the distribution of distressed buildings by neighborhood.² Almost half of all the distressed properties are located in Dorchester and Roxbury. The remaining properties are more evenly scattered in Boston's other neighborhoods.

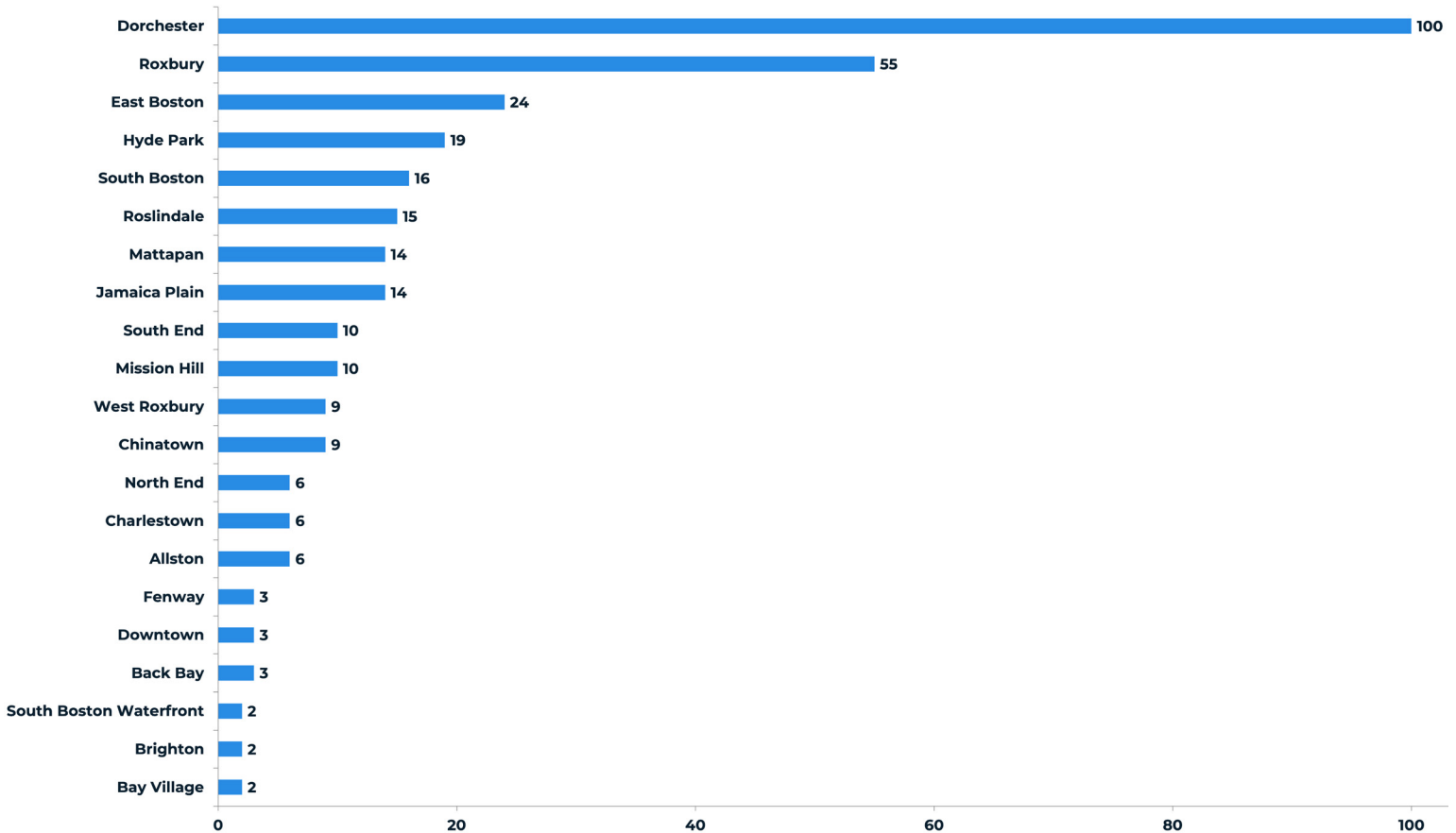
TABLE 2: DISTRESSED BUILDINGS BY NEIGHBORHOOD AND TYPE

NEIGHBORHOOD	APARTMENT (4+ UNITS)	COMMERCIAL	INDUSTRIAL	MIXED- USE	RESIDENTIAL (1-3 UNITS)	TAX- EXEMPT	ALL	PERCENTAGE
ALLSTON	0	5	1	0	0	0	6	1.8%
BACK BAY	0	3	0	0	0	0	3	0.9%
BAY VILLAGE	0	1	0	0	0	1	2	0.6%
BRIGHTON	0	2	0	0	0	0	2	0.6%
CHARLESTOWN	0	0	0	1	2	3	6	1.8%
CHINATOWN	0	2	0	7	0	0	9	2.7%
DORCHESTER	1	27	3	1	60	8	100	30.5%
DOWNTOWN	0	3	0	0	0	0	3	0.9%
EAST BOSTON	2	4	1	5	10	2	24	7.3%
FENWAY	1	2	0	0	0	0	3	0.9%
HYDE PARK	0	4	1	0	12	2	19	5.8%
JAMAICA PLAIN	0	2	0	0	11	1	14	4.3%
MATTAPAN	0	0	0	0	13	1	14	4.3%
MISSION HILL	0	3	2	2	2	1	10	3.0%
NORTH END	0	1	0	4	1	0	6	1.8%
ROSLINDALE	0	2	0	1	11	1	15	4.6%
ROXBURY	2	9	1	5	29	9	55	16.8%
SOUTH BOSTON	1	4	1	0	8	2	16	4.9%
SEAPORT	0	0	1	0	0	1	2	0.6%
SOUTH END	1	4	0	0	3	2	10	3.0%
WEST ROXBURY	0	1	0	0	7	1	9	2.7%
GRAND TOTAL	8	79	11	26	169	35	328	100.0%

² This year's Distressed Property Neighborhood uses the Boston Planning Development Agency's boundaries as opposed to the previously used Planning Districts.

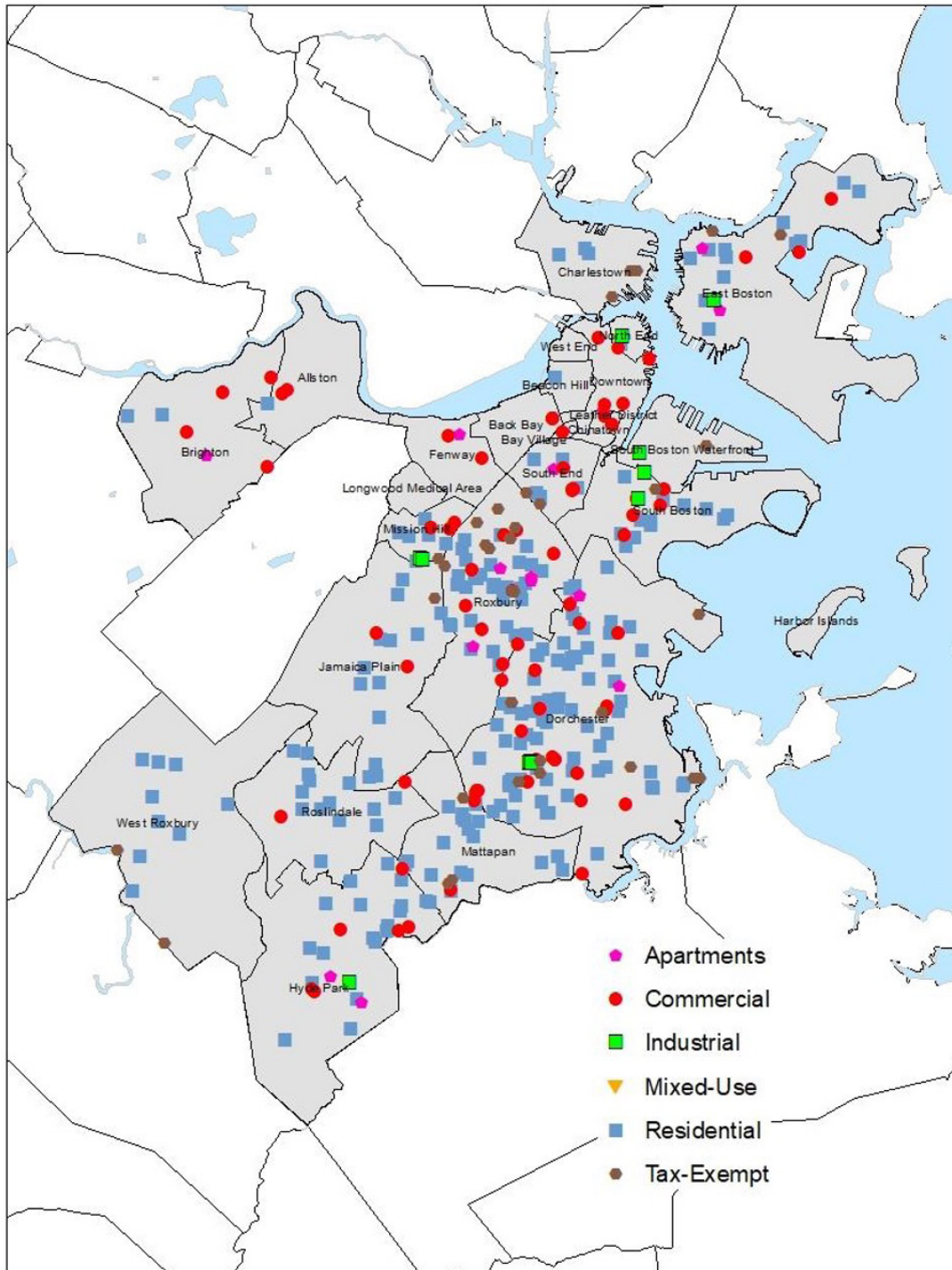
DISTRESSED PROPERTIES: RESULTS

CHART 1: ALL DISTRESSED PROPERTIES BY NEIGHBORHOOD



DISTRESSED PROPERTIES: RESULTS

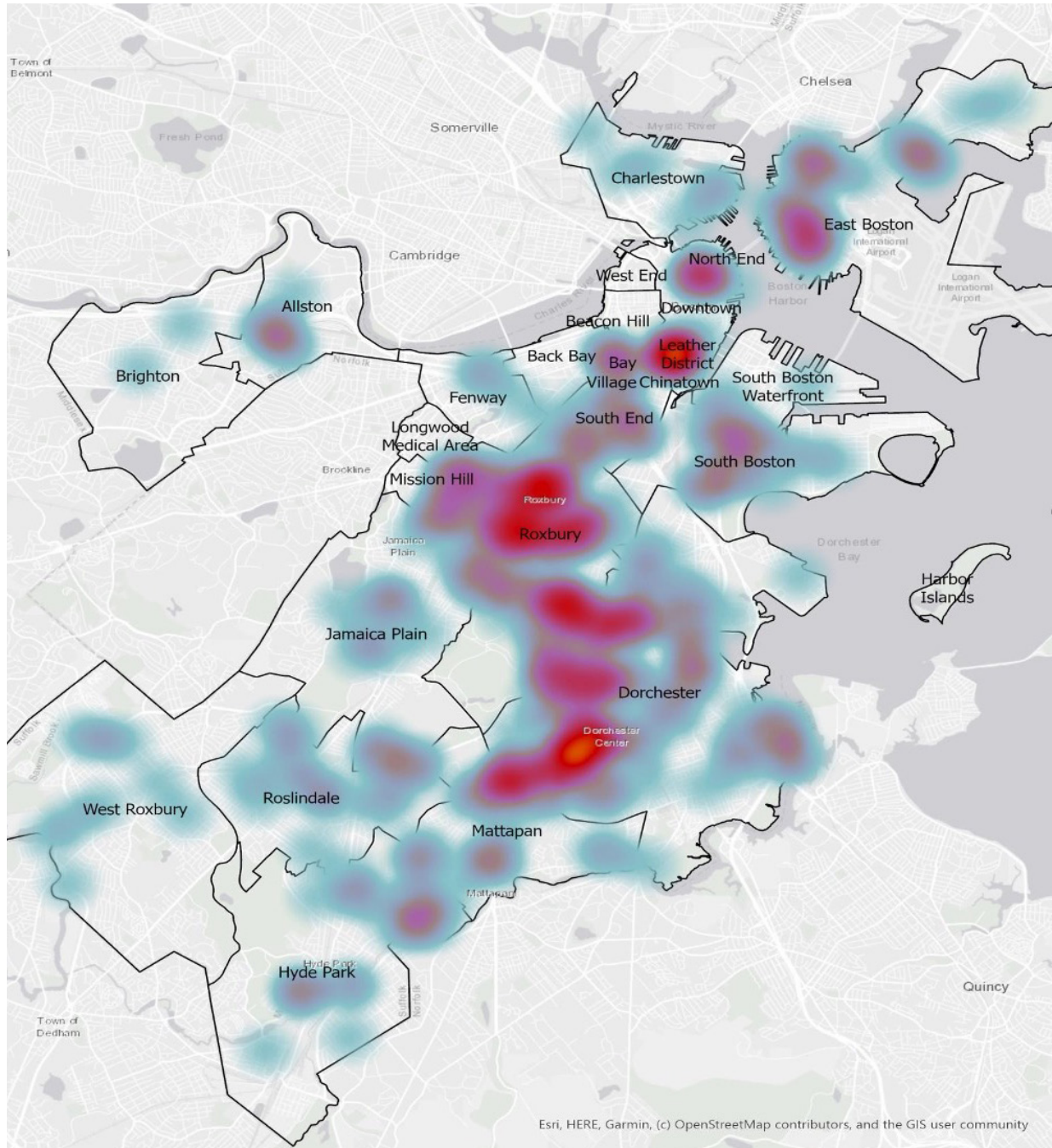
MAP 1: DISTRESSED BUILDINGS IN BOSTON BY GENERAL USE, 2020 (328 PROPERTIES)



DISTRESSED PROPERTIES: DENSITY AND PREVALENCE RATES

The densest clusters of distressed properties are in Roxbury and Dorchester, the Roxbury/Dorchester border, and Chinatown (Map 2). In addition, other significant hotspots exist in East Boston and Mattapan.

MAP 2: BOSTON DISTRESSED PROPERTY HEAT MAP



DISTRESSED PROPERTIES: DWELLING UNITS AND COMMERCIAL SPACE IN DISTRESSED PROPERTIES

This section focuses on distressed properties by property type, with a deeper focus on the number of dwelling units in distressed properties.

Table 3 shows the distribution of residential buildings broken down by property type. Forty-two percent of distressed residential properties are single-family properties, while 37 percent are two-family and three-family homes. The remainder is composed of apartment units and other residential property types. Thus, an estimated 423 dwelling units could be on the market if these properties were fully rehabbed.

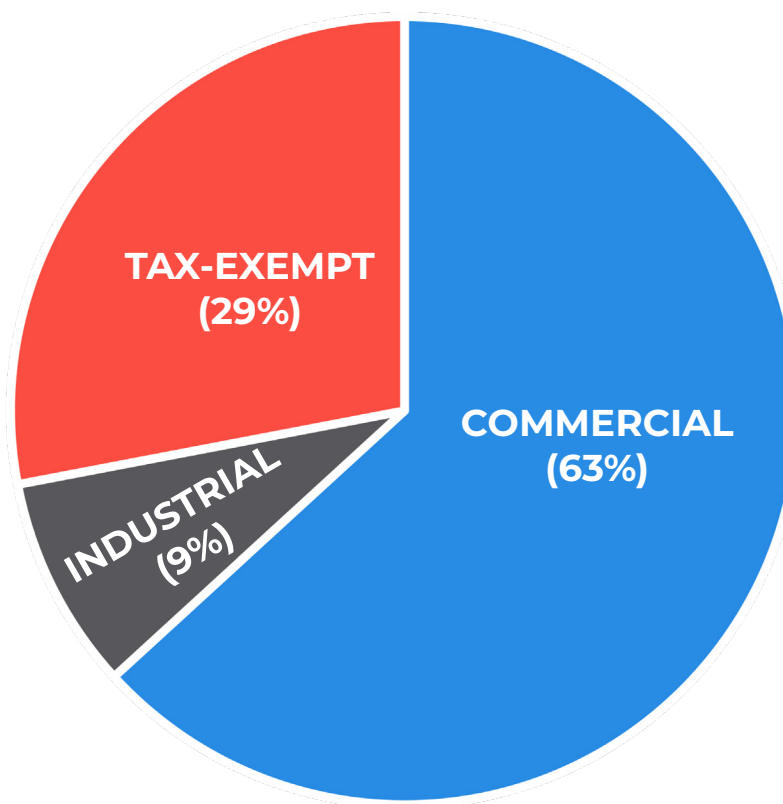
TABLE 3: RESIDENTIAL, MIXED-USE, AND APARTMENT BUILDINGS BY PROPERTY TYPE

PROPERTY TYPE	COUNT	PERCENTAGE
APARTMENT (4-6 UNITS)	6	3%
APARTMENT (7-30 UNITS)	1	0%
COMMERCIAL MULTI-USE	9	4%
CONDOS	3	1%
MULTIPLE BUILDINGS (ONE LOT)	4	2%
RESIDENTIAL/COMMERCIAL USE	17	8%
ROOMING HOUSE	1	0%
SINGLE FAMILY DWELLING	86	42%
TWO FAMILY DWELLING	41	20%
THREE FAMILY DWELLING	35	17%
TOTAL	203	100%

DISTRESSED PROPERTIES: DWELLING UNITS AND COMMERCIAL SPACE IN DISTRESSED PROPERTIES

Sixty-three percent of properties with no dwelling units are commercial. The remaining non-residential parcels are tax-exempt (29%) and industrial (9%) (See Chart 2).

CHART 2: DISTRIBUTION OF DISTRESSED BUILDINGS WITHOUT DWELLING UNITS (COMMERCIAL, INDUSTRIAL AND TAX-EXEMPT)³



³ Most tax-exempt parcels do not have dwelling units. There are some tax-exempt parcels owned by government agencies that have dwelling units and some parcels categorized as residential that have been foreclosed because of taxes. These tax-foreclosed parcels are owned by the City until they are converted to affordable housing or other public uses.

DISTRESSED PROPERTIES: DWELLING UNITS AND COMMERCIAL SPACE IN DISTRESSED PROPERTIES

Thirty percent of non-residential distressed properties are in Dorchester, while fifteen percent are in Roxbury. The remainder is spread throughout other neighborhoods. Some commercial and many industrial buildings can be difficult to survey accurately. For example, buildings used as warehouses may be boarded up or appear derelict and distressed. However, they may be otherwise maintained or not vacant. Therefore, determining the number of commercial and industrial distressed buildings is more complex than residential buildings. Nonetheless, the City estimates that over a million square feet of space are going unused in commercial and industrial distressed buildings.

This report's tax-exempt distressed property buildings comprise buildings owned by government agencies, churches, educational institutions, and nonprofits. These buildings total 472,198 square feet of interior space. A total of nine dwelling units were in tax-exempt properties. As aforementioned, distressed properties that become owned by the government are often converted to affordable housing. These projects may involve partnerships with private or non-profit entities. Recent examples include:

- **Michael Haynes Arms Apartments:** Located at 290 Warren Street in Roxbury, Cruz Development Corporation is taking a parcel that has contained a long-abandoned and tax-foreclosed commercial building and is constructing a 55-unit apartment building including. Forty-six units will be income-restricted housing affordable to very low- and low-income households (**Image 1**).
- **Cote Village Apartments and Townhomes:** Located on Cummins Highway & Regis Road in Mattapan, the Caribbean Integration CDC and the Planning Office for Urban Affairs are transforming the former Cote Ford site from a tax-foreclosed eyesore to 76 income-restricted apartments, affordable to very low-, low-, and moderate-income households (**Image 2**).

DISTRESSED PROPERTIES: DWELLING UNITS AND COMMERCIAL SPACE IN DISTRESSED PROPERTIES

IMAGE 1: MICHAEL HAYNES ARMS APARTMENTS RENDERING



IMAGE 2: COTE VILLAGE APARTMENTS AND TOWNHOMES



DISTRESSED PROPERTIES: LENGTH OF TIME DISTRESSED

Most distressed properties (62%) have been deteriorating for between five to fifteen years (**Table 4**). Another 20 percent have been distressed for five years or less. The remaining properties are estimated to have been distressed for over fifteen years. Currently, the maximum number of years a property has been distressed is 33 years. Nine-and-a-half years is the most common number of years a property has been distressed⁴

TABLE 4: ESTIMATE OF NUMBERS OF YEAR'S ABANDONED FOR 2020 DISTRESSED PROPERTIES⁵

AGE RANGE	PERCENTAGE
0-5 YEARS	20.7%
5-10 YEARS	33.1%
10-15 YEARS	29.0%
15-20 YEARS	7.7%
20+ YEARS	9.5%
TOTAL	100.0%

⁴ Most common number refers to the mode.

⁵ Based on a sample of 169 distressed properties with estimated dates of abandonment.

DISTRESSED PROPERTIES: TAX STATUS

Tax foreclosures occur when there are substantial unpaid taxes on properties. The City issues a lien against the property (a claim of legal ownership). It records the lien at the Registry of Deeds within 60 days. If the taxes are not paid within six months of the due date, the City will file a petition to foreclose on the property. The entire process can take several years, and some property owners resolve or “redeem” their properties. The City and other entities eventually rehab properties owned by the City, typically through a competitive bidding process. Finally, the property is converted into another use, usually affordable housing.

Nine and a half percent of distressed parcels (31 out of 328) have overdue taxes associated with them for a total of \$167,993 owed.⁶ Sixty-one percent of these properties are residential (1-3 units), 23 percent are commercial, and the remaining 16 percent are other property types (**Table 6**). The average taxes owed citywide per delinquent property is just over \$5,400. Residential and commercial properties have the most back taxes associated with them, for a total of \$150,000, or approximately 89 percent of the total. Commercial property tax rates are higher on commercial properties than on residential properties. Therefore, on a per property basis, commercial properties have the highest average taxes owed, at just over \$10,700. The maximum tax owed for any property is \$38,576.

TABLE 5: TAXES OWED BY DISTRESSED PROPERTY TYPE⁷

LAND USE	TOTAL TAXES OWED	AVERAGE TAXES OWED	TOTAL PROPERTIES	PERCENTAGE OF ALL PROPERTIES
APARTMENT	\$0	\$0	0	0.0%
COMMERCIAL	\$75,145	\$10,735	7	22.6%
INDUSTRIAL	\$6,865	\$6,865	1	3.2%
MIXED-USE	\$916	\$916	1	3.2%
RESIDENTIAL	\$74,777	\$3,936	19	61.3%
TAX-EXEMPT	\$10,290	\$3,430	3	9.7%
TOTAL	\$167,933	\$5,419	31	100.0%

⁶ Parcels= 1-Fam, 2-Fam, 3-Fam Properties, mix-use parcels, parcels with multi-residential buildings and Condo Mains (used as a proxy for Condo Buildings). Taxes owed on a parcel may be owed by a previous owner.

⁷ Taxes owed may not be associated with the current owner of the property. For example, Taxes owed on tax-exempt properties refers to before the property was tax foreclosed.

DISTRESSED PROPERTIES: FORECLOSURES AND DISTRESSED PROPERTIES

Boston experienced a high volume of mortgage foreclosures from 2006 through 2012, but foreclosure deeds have declined significantly since then. Nevertheless, 92 foreclosure petitions (the first step in the foreclosure process) were filed in 2020, and 32 foreclosures were executed in 2020. Just as foreclosure activity has declined, the foreclosure crisis has affected fewer properties on the Distressed Building Survey in recent years. Of the 328 buildings identified as distressed in 2020, 8.5 percent (28) have had foreclosure petitions, and 4.9 percent (16) have been foreclosed in the last five years. Currently, foreclosures are not a significant contributor to property distress, though DND will continue monitoring the situation to see if the economic pain of the COVID-19 pandemic contributes to a new wave of foreclosures. In addition, the Boston Home Center provides programs to help homeowners keep and maintain their homes.

DISTRESSED PROPERTIES: DISTRESSED PROPERTY IN THE REDEVELOPMENT PIPELINE

Out of the 328 distressed properties, 224 of these properties are in “transition.” These are primarily properties that have active or solid plans for renovations or redevelopment. Temporary legal impediments to renovation, recent property transfers, or recent fires, as well as other considerations, are taken into account in assessing a distressed property’s status as transitional.

Table 6 shows how the distressed properties fall into the different transition categories. Twenty-seven percent of the properties in transition are under a formal planning process or approved or open permit. These are the properties that will most certainly get rehabbed soon. The “owner plans” category is comprised of owners who have expressed their interest in redeveloping their properties but have not yet started. Distressed properties owned by government entities tend to be renovated and become affordable housing properties. At least nine of the 21 government-owned properties are in construction, are under proposal review, or are under consideration for redevelopment. Properties that have recently sold are also considered to be in transition as the new owners are expected to rehab the property. Properties may also be in probate proceedings due to the owner’s death(s), temporarily disallowing heirs from fixing their soon-to-be inherited properties. The other category includes properties beginning rehab activity, properties that have undergone recent fires (these properties may have pending insurance payments), properties that are listed for sale, and other reasons that suggest the property’s condition may be improved. Properties with no known plans for renovations are discussed further in the next section.

TABLE 6: DISTRESSED PROPERTIES BY REDEVELOPMENT STAGE

TRANSITION STAGE	COUNT	PERCENTAGE
PERMIT OR FORMAL PLANNING PROCESS	88	27%
OWNER PLANS	58	18%
OTHER	30	9%
GOVERNMENT OWNED	21	6%
RECENT PROPERTY TRANSFER	18	5%
PROBATE/LEGAL ISSUE	9	3%
SUB-TOTAL	224	68%
NO KNOWN PLANS	104	32%
TOTAL	328	100%

DISTRESSED PROPERTIES: CITY STRATEGIES TO ADDRESS DISTRESSED PROPERTIES

The City's multi-pronged distressed building strategy has helped reduce the number of distressed buildings. Implemented by DND, the plan includes the following major components:

- DND's Boston Home Center and Neighborhood Housing Development divisions work with the Office of Economic Development to provide funding, project management, and technical assistance to eligible private building owners and developers to renovate and redevelop distressed buildings.
- DND shares the entire distressed property list with the Assessing Department to ensure that owners of properties identified are not receiving an unwarranted residential exemption.
- When needed, our department also shares our list with the Inspectional Services Division (ISD) for follow-up on a given property.
- The City may take properties that owe taxes through Tax Foreclosure, which will lead to their redevelopment.
- A list of privately-owned distressed buildings is published on DND'S website to provide potential developers the opportunity to contact owners and purchase their distressed properties.
- DND also reaches out to private property owners included in the survey to clarify the status of the building and offer advice or assistance with financing, renovation, or marketing.

DISTRESSED PROPERTIES: SURVEY METHODOLOGY

Each year's survey process begins by compiling a list of potentially distressed properties. Before 2016 the survey was conducted based primarily on DND's data, fieldwork, and constituent reporting. However, DND has begun collecting additional data sources including, but not limited to, data from other city departments, such as the fire department, the Boston 311 Constituent Service Center, and Boston Water and Sewer water shut-off data. Also, properties that DND identified as distressed in the prior-year survey are revisited to check their present status. The additional data sources provide a more comprehensive picture of distressed properties by creating a more accurate list of properties throughout the City.

Once the final list of potentially distressed properties is compiled, a route map is created for efficient travel between site visits. Site visits are conducted in the summer/fall of each year. For each building, a photo is taken, and data are collected from a visual inspection of the property's exterior (DND surveyors do not inspect a property's interior). New distressed properties found while conducting the survey are also added to the database. The final list of surveyed properties is cross-referenced with other data sources to obtain more information about the property. Other databases include sales, foreclosure, taxes, and permit data. These different data sources are used to gather more information on the status of the property. For example, suppose the analysis shows evidence of transfer (sale), improvement of the property, or pending plans for rehabilitation. In that case, these properties are not included on the list that is made public. The last step is to attempt to contact the owners or property managers by mail to confirm or correct our determination of the status of the property. The properties for which we do not hear from the owners and have no knowledge of any plans for rehabilitation are made public on our website.

Also, we make an effort to determine when any newly identified properties became distressed. This "carbon dating" process includes checking for dates of utility shut-offs, fires, board-up permits, and images to estimate when the property became distressed.

Distressed Buildings Trends is prepared by Mario Teran of the Policy Development and Research division of the City of Boston Department of Neighborhood Development. Contact Mario Teran at (617) 635-0692 or at mario.teran@boston.gov for more information about this publication. For a list of currently distressed properties, go to www.cityofboston.gov/dnd/pdr/Distressed_Buildings_Reports.asp